

PREVAILED

Roll Call No. \_\_\_\_\_

FAILED

Ayes \_\_\_\_\_

WITHDRAWN

Noes \_\_\_\_\_

RULED OUT OF ORDER

## HOUSE MOTION \_\_\_\_\_

MR. SPEAKER:

I move that House Bill 1118 be amended to read as follows:

- 1 Page 7, between lines 36 and 37, begin a new paragraph and insert:
- 2 "SECTION 3. IC 6-3.1-25 IS ADDED TO THE INDIANA CODE
- 3 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
- 4 JULY 1, 2005]:
- 5 **Chapter 25. Credit for Offering Health Benefit Plans**
- 6 **Sec. 1. This chapter applies to an employer that:**
- 7 **(1) employs at least ten (10) full-time employees who are**
- 8 **located in Indiana; and**
- 9 **(2) does not offer coverage for health care services under a**
- 10 **self-funded health benefit plan that complies with the federal**
- 11 **Employee Retirement Income Security Act of 1974 (29 U.S.C.**
- 12 **1001 et seq.).**
- 13 **Sec. 2. As used in this chapter, "eligible taxpayer" means a**
- 14 **taxpayer that did not provide health insurance to the taxpayer's**
- 15 **employees in the taxable year immediately preceding the first**
- 16 **taxable year for which the taxpayer claims a credit under this**
- 17 **chapter.**
- 18 **Sec. 3. As used in this chapter, "full-time employee" means an**
- 19 **employee who is normally scheduled to work at least thirty (30)**
- 20 **hours each week.**
- 21 **Sec. 4. (a) As used in this chapter, "health benefit plan" means**
- 22 **coverage for health care services provided under:**
- 23 **(1) an insurance policy that provides one (1) or more of the**
- 24 **types of insurance described in Class 1(b) or Class 2(a) of**
- 25 **IC 27-1-5-1; or**

(2) a contract with a health maintenance organization for coverage of basic health care services under IC 27-13; that satisfies the requirements of Section 125 of the Internal Revenue Code.

(b) The term does not include the following:

- (1) Accident only, credit, dental, vision, Medicare supplement, long term care, or disability income insurance.
- (2) Coverage issued as a supplement to liability insurance.
- (3) Automobile medical payment insurance.
- (4) A specified disease policy issued as an individual policy.
- (5) A limited benefit health insurance policy issued as an individual policy.
- (6) A short term insurance plan that:
  - (A) may not be renewed; and
  - (B) has a duration of not more than six (6) months.
- (7) A policy that provides a stipulated daily, weekly, or monthly payment to an insured during hospital confinement, without regard to the actual expense of the confinement.
- (8) Worker's compensation or similar insurance.
- (9) A student health insurance policy.

Sec. 5. As used in this chapter, "pass through entity" means a:

- (1) corporation that is exempt from the adjusted gross income tax under IC 6-3-2-2.8(2);
- (2) partnership;
- (3) limited liability company; or
- (4) limited liability partnership.

Sec. 6. As used in this chapter, "state tax liability" means a taxpayer's total tax liability that is incurred under:

- (1) IC 6-3-1 through IC 6-3-7 (adjusted gross income tax);
- (2) IC 6-5.5 (financial institutions tax); and
- (3) IC 27-1-18-2 (insurance premiums tax);

as computed after the application of the credits that under IC 6-3.1-1-2 are to be applied before the credit provided by this chapter.

Sec. 7. As used in this chapter, "taxpayer" means an individual or entity that:

- (1) has state tax liability; and
- (2) employs at least ten (10) full-time employees who are located in Indiana.

Sec. 8. (a) An eligible taxpayer that, after December 31, 2005, makes health insurance available to the eligible taxpayer's employees and their dependents through at least one (1) health benefit plan is entitled to a credit against the taxpayer's state tax liability for the first two (2) taxable years in which the taxpayer makes the health benefit plan available if the following requirements are met:

(1) An employee's participation in the health benefit plan is at the employee's election.

(2) If an employee chooses to participate in the health benefit plan, the employee may pay the employee's share of the cost of the plan using a wage assignment authorized under IC 22-2-6-2.

(b) The credit allowed under this chapter equals the lesser of:

(1) two thousand five hundred dollars (\$2,500); or

(2) fifty dollars (\$50) multiplied by the number of employees enrolled in the health benefit plan during the taxable year.

Sec. 9. (a) An employer may pay or provide reimbursement for all or part of the cost of a health benefit plan made available under section 8 of this chapter.

(b) An employer that pays or provides reimbursement under subsection (a) shall pay or provide reimbursement on an equal basis for all full-time employees who elect to participate in the health benefit plan.

Sec. 10. (a) If the amount determined under section 8 of this chapter for a taxpayer in a taxable year exceeds the taxpayer's state tax liability for that taxable year, the taxpayer may carry the excess over to the following taxable years. The amount of the credit carryover from a taxable year shall be reduced to the extent that the carryover is used by the taxpayer to obtain a credit under this chapter for any subsequent taxable year. A taxpayer is not entitled to a carryback.

(b) A taxpayer is not entitled to a refund of any unused credit.

Sec. 11. If a pass through entity does not have state income tax liability against which the tax credit may be applied, a shareholder or partner of the pass through entity is entitled to a tax credit equal to:

(1) the tax credit determined for the pass through entity for the taxable year; multiplied by

(2) the percentage of the pass through entity's distributive income to which the shareholder or partner is entitled.

Sec. 12. To receive the credit provided by this chapter, a taxpayer must claim the credit on the taxpayer's state tax return or returns in the manner prescribed by the department. The taxpayer must submit to the department all information that the department determines is necessary to calculate the credit provided by this chapter and to determine the taxpayer's eligibility for the credit.

Sec. 13. (a) A taxpayer claiming a credit under this chapter shall continue to make health insurance available to the taxpayer's employees through a health benefit plan for at least twenty-four (24) consecutive months beginning on the day after the last day of the taxable year in which the taxpayer first offers the health benefit plan.

1       **(b) If the taxpayer terminates the health benefit plan before the**  
2       **expiration of the period required under subsection (a), the taxpayer**  
3       **shall repay the department the amount of the credit received under**  
4       **section 8 of this chapter."**

5       Page 7, between lines 39 and 40, begin a new paragraph and insert:  
6       "SECTION 4. [EFFECTIVE JULY 1, 2005] **IC 6-3.1-25, as added**  
7       **by this act, applies only to taxable years beginning after December**  
8       **31, 2005."**

9       Renumber all SECTIONS consecutively.

(Reference is to HB 1118 as printed January 14, 2005.)

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Representative Orentlicher